



# Empowering Students to Reach Their Life Goals



2012  
Year in Review

# Message from the Board Chair

It was not that long ago that I was first appointed to the Iowa Student Loan® board of directors. At that time, I knew that Iowa Student Loan worked with financial institutions to help them make government-guaranteed student loans and that Iowa Student Loan made supplemental private student loans under a program authorized by the state of Iowa. As a longtime bank employee, I expected to find an organization that closely resembled a financial institution — both in its organization and people. In fact, I found Iowa Student Loan is much more.

In my fellow board members, I found experts from a wide spectrum of backgrounds, including some in higher education and K – 12 schools and one of the nation’s predominant experts in personal finance. Likewise, the staff includes experts who know what it takes to be successful in college, especially from a financial perspective. All of these people share a passion for helping college students and their families create good outcomes from higher education — because we believe Iowa’s greatest resource is its educated young people.

While college remains an amazing opportunity for upward mobility, its cost results in large debt for many students and families. This means that students cannot afford to be unsuccessful after leaving college; they have to pay their debt even if they can’t find a good paying job or, worse, even if they don’t graduate. The people at Iowa Student Loan have seen too many students who experienced poor outcomes after leaving college, and it has motivated us to action. We are now determined to supply students with the knowledge they need to succeed in college so they can reach their goals and live the lifestyle they desire afterward.

I am excited for you to read this Year in Review report. When you do, you too will come to appreciate all that Iowa Student Loan does and see why I am proud to serve as chair of its board of directors.



Christine L. Hensley  
Chair of the Iowa Student Loan board of directors



Christine Hensley, Board Chair

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# Executive Summary



For Iowa Student Loan, 2012 was filled with progress and accomplishment. Similar to a college student receiving that hard-earned degree, the year symbolized the culmination of work and preparation on several initiatives to provide improved programs and services to Iowans.

In recent years, everyone has had to adapt to changes brought about by challenging economic conditions, evolving student lending regulations and higher education costs. Iowa Student Loan's mission, however, has remained to help Iowans obtain the resources necessary to succeed in postsecondary education so that they can ultimately reach their life goals.

This report, which fulfills the annual report requirement outlined in state statute, highlights the following efforts Iowa Student Loan made in 2012:

- ▶ **Empowering students before college** by providing a free and unique money management program for all Iowa middle schools and by partnering with Iowa educational organizations to successfully promote the 2012 National Financial Capability Challenge. In addition, Iowa Student Loan continues to address student indebtedness with its breakthrough online tutorial, Student Loan Game Plan<sup>SM</sup>, which was adopted for use in two other states and by several Iowa colleges in 2012. Iowa Student Loan also helped fund more than 1,200 free college planning presentations given by the Iowa College Access Network (ICAN).
- ▶ **Empowering students during college** by providing them transparent and competitive supplemental funding options. Iowa Student Loan continues to offer its Partnership Advance Education Loan<sup>®</sup>, as well as partner with other financial institutions to provide private loan options for Iowa students and families who need them. In 2012, its staff also educated nearly 3,000 Iowa college students on financial literacy topics.
- ▶ **Empowering students after college** by helping its customers have a positive and successful loan repayment experience. Iowa Student Loan takes a counseling approach when helping delinquent borrowers, and it offers varying degrees of repayment assistance as well as career and financial resources. In 2012, Iowa Student Loan made sizable contributions to the community in the form of grants, loan forgiveness, interest reduction benefits and college planning support.

One of the biggest accomplishments of 2012 was the finalization of Iowa Student Loan's wholly owned subsidiary, Aspire Resources Inc.<sup>SM</sup>, becoming a federal contractor and providing customer service on behalf of the U.S. Department of Education. Aspire received its first allocation of loans in April, and in just eight months, it had received more than 320,000 new federal loan borrower accounts, resulting in 91 new jobs for Iowans.

Iowa Student Loan understands that a student's life goals don't end once he or she receives a college degree; that accomplishment is just the beginning. 2012 was a year of major accomplishment for the organization, but like that recent graduate, Iowa Student Loan will continue to grow and adapt.

## Mission

To help Iowa students and families obtain the resources necessary to succeed in postsecondary education.

## Nonprofit Purpose

Iowa Student Loan is a private, nonprofit corporation that has no shareholders and pays no dividends. Instead, Iowa Student Loan reinvests excess revenues over ongoing operations and expenses, beyond the funding of required and appropriate reserves, to benefit Iowa students and the people of Iowa in ways consistent with its mission. For tax purposes, Iowa Student Loan is a tax-exempt educational organization under section 501(c)(3) of the federal Internal Revenue Code.

# Empowering Students Before College



For more than 30 years, Iowa Student Loan has worked to help Iowa students achieve their college dreams. This help has primarily come in the form of financing and servicing federal and private student loans. However, in order for students to succeed both during and after college, they must also have a solid foundation. They must have the knowledge to make informed decisions about their future, especially in regard to how they will manage their future finances. In recent years, Iowa Student Loan has set out to identify ways in which it can create new financial literacy initiatives or work with other community partners to improve existing programs.

In 2012, Iowa Student Loan provided financial education to Iowa middle school and high school students through the creation of curriculum; promotion of a national competency exam; financial support of college planning resources; and continued promotion of its innovative online tutorial, Student Loan Game Plan.

## 'It's Worth It' Middle School Curriculum

Iowa middle school students are learning more about money management before they take on college debt and make other important financial decisions, thanks to a unique money management program from Iowa Student Loan. In the first three months of the 2012 – 2013 school year, the free It's Worth It<sup>SM</sup> online materials were downloaded nearly 200 times, and comments and phone calls continue to come in as teachers incorporate the curriculum in the classroom.

### Students Learn Valuable Lessons

Designed to align with the Iowa Core and the U.S. Department of the Treasury's core concepts, It's Worth It can kick-start new middle school financial literacy programs or complement existing curriculum.

Students gain knowledge in several areas of financial literacy:

- ▶ Spending on needs versus spending on things they want
- ▶ Creating a budget and spending goals
- ▶ Banking and personal finance
- ▶ Paying monthly bills and managing expenses on a given salary
- ▶ Borrowing and credit cards
- ▶ Understanding financial aid and college expenses
- ▶ Planning for careers

The It's Worth It curriculum and supporting materials were developed through a partnership between Iowa Student Loan and Iowa College Access Network (ICAN) financial literacy experts. It features a dozen 45-minute sessions that introduce financial concepts at a time when students are beginning to manage their own money or think about working for pay.

All materials are free to Iowa school districts and available online at [www.studentloan.org/ItsWorthIt](http://www.studentloan.org/ItsWorthIt). Before materials became available statewide, the program was tested during the 2011 – 2012 school year at two Des Moines Public Schools' middle schools. Following the program's pilot run, students demonstrated increased knowledge and positive financial behavior.

The curriculum is also appealing to middle school administrators and teachers because materials are easy to personalize and incorporate without teacher training or extra budgeting. The sessions can be incorporated into existing class time or conducted outside the school day to meet district needs. In addition, the important connection between school and home is reinforced through parent newsletters that provide families with weekly savings tips and the opportunity to participate in their children's activities.

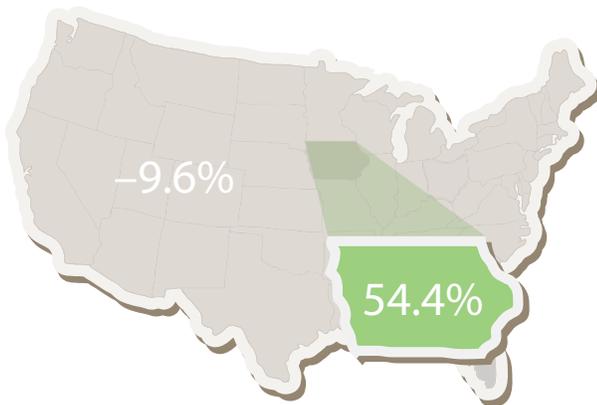
# National Financial Capability Challenge

In a new initiative in 2012, Iowa Student Loan joined with other educational organizations in Iowa to recognize high school students who demonstrated their financial know-how in the 2012 National Financial Capability Challenge, co-sponsored by the U.S. Department of the Treasury and the U.S. Department of Education.

Iowa Student Loan, the Iowa Department of Education, Iowa Jump\$tart, Junior Achievement of Central Iowa and the Iowa College Access Network (ICAN) partnered to promote the Challenge. Iowa Student Loan and its partners encouraged participation in the Challenge through fliers, posters, social media posts and other communications aimed at high school teachers and administrators. In March and April, 88 Iowa high schools competed in the Challenge, 55 of which had at least one student score in the top 20% nationally. The high scorers qualified their schools for a drawing for a portion of the \$30,000 in cash awards provided by Iowa Student Loan. Each \$1,000 prize was intended to be used for the improvement or continuation of financial literacy programs and the school's scholarship funds.

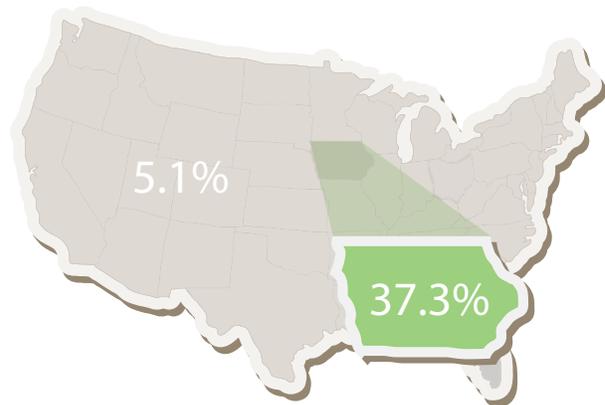
By the end of the 2012 Challenge, Iowa had the third-largest increase in the percent of students scoring in the top 20% nationally, with an increase of 61.7% over last year. Iowa also had the fourth-largest increase in the percent change in perfect scores, with an increase of 155.6% in that category. High-scoring students and their schools were recognized through certificates, plaques and press releases provided by Iowa Student Loan and its partners.

### Percent Change in School Participation



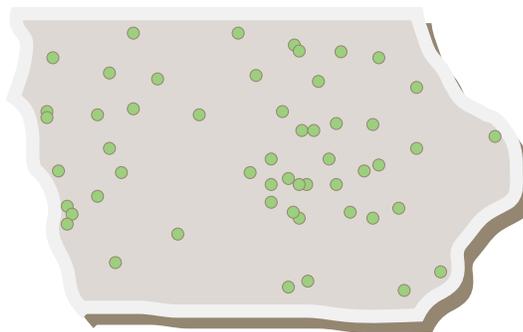
More Iowa high schools participated in the 2012 Challenge than in the prior year, while school participation nationally declined.

### Percent Change in Student Participation



Iowa also had a higher increase in number of students participating in 2012 compared to other states.

### High Scorers Across the State in 2012



Fifty-five Iowa high schools had at least one student score in the top 20% nationally.

# Student Loan Game Plan

Perhaps Iowa Student Loan's most innovative initiative to help students understand their financial decisions is Student Loan Game Plan — an interactive online resource designed to help reduce student indebtedness and provide customized action plans.

Student Loan Game Plan was introduced in December 2010 and now offers versions for supplemental private student loan applicants and their cosigners, high school students and general users.



Users of Student Loan Game Plan experience:

- ▶ A true-life story from an actual borrower.
- ▶ Descriptions of potential problems caused by overborrowing.
- ▶ Customized estimated salary information based on borrowers' majors.
- ▶ Estimated total student loan payment amounts based on past, current and future borrowing.
- ▶ An estimated student loan debt-to-income ratio based on the borrower's information, compared to recommended ratios from U.S. Department of Education regulations.
- ▶ A warning that student loans are a serious financial obligation that must be repaid.
- ▶ A sample monthly budget based on the borrower's anticipated starting salary and national-average expenses, including student loan payments.
- ▶ A variety of strategies to reduce the need for student loans.
- ▶ A customizable and printable action plan to reduce overall borrowing.
- ▶ The ability to lower the requested loan amount in Iowa Student Loan online private student loan applications.

## Customized Game Plans for Students and Families

The **Applicant's Guide to Successful Borrowing** is a requirement that has been integrated into all applications for Iowa Student Loan supplemental private student loans. Applicants see recommended student loan debt-to-income ratios and compare actual borrowing to actual earnings of graduates in their selected major. After creating a plan to reduce their need to borrow for college, borrowers may lower their originally requested loan amount.

The **Cosigner's Guide to Successful Borrowing** complements the applicant version of Student Loan Game Plan, giving the adults who are often asked to share responsibility for private student loan debt the information they need to educate their student borrowers. Cosigners must complete the tutorial as part of the application process for Iowa Student Loan private loans.

The **High School Student's Guide to Borrowing for College** is designed specifically for high school students. General information allows them to plan ahead and discover how they might borrow less for college before they have the need.

The **Student's Basic Guide to Successful Borrowing** version is available free online for the general public, allowing anyone to benefit from the valuable information in Student Loan Game Plan.

## Student Loan Game Plan Highlights



On average, **17% of student loan applicants** who complete the Applicant's Guide to Successful Borrowing **reduce their loan amount by an average of \$2,000.**



Federal officials have noted Student Loan Game Plan as a **best practice model for private student loan** providers.



Iowa Student Loan is exploring how **lowa high schools can incorporate** the high school version of Student Loan Game Plan **into financial awareness and literacy programs.**



ISM College Planning in Indiana and Maine Education Services have **licensed the online tool to offer it to students in their states.**

## Reduced Student Loan Debt Burden



Amount in loan funds Iowa Student Loan private loan applicants opted not to borrow after completing the Applicant's Guide to Successful Borrowing between February and October 2012.

## Helping Students Plan for College

Iowa Student Loan's support also helps the Iowa College Access Network (ICAN) provide services to Iowa's high school students as they plan for, apply to, pay for and succeed in college. ICAN was a division of Iowa Student Loan for 10 years, and while it has been an independent nonprofit 501(c)(3) educational organization since 2009, Iowa Student Loan continues to support ICAN financially.

In fiscal year 2012, Iowa Student Loan contributed nearly \$1.28 million in cash and in-kind donations of services, including accounting, human resources and communications services. An additional \$1 million is budgeted for fiscal year 2013.

Iowa Student Loan's financial support allowed ICAN to help thousands of Iowa students through:

- ▶ Assistance provided to more than 5,000 students and parents in filling out the Free Application for Federal Student Aid (FAFSA).
- ▶ More than 5,000 appointments at ICAN offices with students and parents.
- ▶ More than 12,000 phone calls initiated by students and parents.
- ▶ E-newsletters sent to more than 200,000 recipients.

Iowa Student Loan helps the Iowa College Access Network (ICAN) provide more than 1,200 college planning, financial aid, money management and academic success presentations, typically delivered on-site in 99% of Iowa's high schools.

# Empowering Students During College



Once students have evaluated their career options, chosen a major and then settled on a postsecondary institution, they and their families are often faced with paying the costs associated with that desired education. Filing the Free Application for Federal Student Aid (FAFSA) should be the first step these students take to determine their financial aid options. However, given the rising cost of college and recent economic uncertainty, many families must turn to supplemental private student loans after exhausting scholarship, grant, work-study and federal loan options.

Iowa Student Loan has offered private student loans since 1991, and the state-based nonprofit strives to set its loan options apart from those offered by large for-profit private loan providers through its unique practices and loan features. For example, its loans offer upfront, transparent rates and terms and allow borrowers the opportunity to release their cosigners from obligation. In addition to offering its own loan product — the Partnership Advance Education Loan — Iowa Student Loan partners with several Iowa-area banks and credit unions to develop additional funding options to meet the specific needs of students. And once students have their loans, Iowa Student Loan continues its educational efforts by keeping students informed of their borrowing levels and by offering free financial literacy presentations at colleges across the state.

## Partnership Advance Education Loan

Iowa Student Loan's supplemental private loan program, the Partnership Advance Education Loan, offers a variety of options to meet students' and families' individual needs. It features one set of eligibility and credit criteria that is provided to students and their cosigners before they complete the application. Borrowers also choose from five options — which feature variable and fixed interest rates, 0% or 4% origination fees and varied repayment terms — based on the arrangement that is best for them. There are no credit tiers, and the interest rate is not determined by the borrowers' or cosigners' credit. This means, unlike with many loans, students and their cosigners know the interest rate they will receive before they apply.

In 2012, Iowa Student Loan offered a new benefit to Partnership Advance Education Loan borrowers. Once 48 consecutive, on-time principal and interest payments are made, the borrower can apply to have his or her cosigners released from their obligations as long as the borrower meets the underwriting and credit criteria at the time the cosigner release is requested. This feature helps students who need a cosigner when they're younger qualify for a private loan, and it then benefits the cosigner once the borrower is successfully repaying his or her loan.

## Iowa Alliance Loan

Iowa Student Loan continued to work with a group of Iowa-area lenders to offer the Iowa Alliance Private Student Loan Program<sup>SM</sup> (Iowa Alliance Loan) for the 2012 – 2013 academic year. Because economic conditions continue to result in unemployment or underemployment for families, many students who are unable to qualify for private loans on their own are also unable to find eligible cosigners, thus reducing their funding options. The Iowa Alliance Loan is unique in that cosigners are not required. Most college students can meet the limited underwriting criteria on their own and continue to achieve the dream of attending and graduating from college.

Like the Partnership Advance Education Loan, the Iowa Alliance Loan features transparent terms. To ensure students are applying for the best supplemental loan option available to them, college and university financial aid officers must verify that students who apply for the Iowa Alliance Loan have been denied a private student loan requiring a cosigner. In addition, for the 2012 – 2013 academic year, the loan was restricted to Iowa residents or residents from Illinois, Minnesota, Missouri, Nebraska, South Dakota or Wisconsin who had previously borrowed loan funds from the program.

The 13 following Iowa-area lenders participated in the 2012 – 2013 Iowa Alliance Loan program: American State Bank, Osceola; Bankers Trust, Des Moines; Community State Bank, Paton; Crawford County Trust and Savings Bank, Denison; Heartland Bank, Somers; Iowa Student Loan, West Des Moines; Manufacturers Bank & Trust Co., Forest City; Modern Woodmen Bank, Rock Island, Ill.; Northwest Bank, Spencer; Security State Bank, Independence; Shelby County State Bank, Harlan; Sibley State Bank, Sibley; and Union State Bank, Greenfield.

## Additional Supplemental Loan Options

Iowa Student Loan remains dedicated to working with lenders in Iowa and surrounding states to offer students additional supplemental loan options with transparent and competitive terms. The majority of these lenders offer both cosigner and no-cosigner loan options and now also offer loans that require in-school interest-only payments to reduce the amount students will have to repay over the life of the loan.

Iowa Student Loan provided private loan customer service to the following lenders in 2012: Alliant Credit Union and Health Services Credit Union, Dubuque; American State Bank, Sioux Center; Ascentra Credit Union, Bettendorf; Capitol View Credit Union, Des Moines; Community 1st Credit Union, Ottumwa; Dupaco Community Credit Union, Dubuque; The Family Credit Union, Davenport; Premier Credit Union, Des Moines; and Scott Schools Credit Union, Davenport.

## In-School Communication

The following efforts help students understand their cumulative borrowing levels and the amount they will be obliged to repay after graduation:

- ▶ **School certification.** Before students are approved for a private student loan owned or serviced by Iowa Student Loan, the college must certify that the requested loan amount does not exceed the difference between actual cost of attendance and other financial aid received.
- ▶ **In-school statements.** Students receive monthly private student loan statements while they're still in school so they can see how much debt they've incurred and to encourage payments that at least cover accrued interest.
- ▶ **Annual updates.** Yearly statements inform enrolled students of their total borrowing, projected payment amounts and estimated future student loan debt-to-income ratio based on the future career students indicate. These statements encourage reduced borrowing at a time when students are likely considering additional loans.
- ▶ **Proactive repayment information.** About 150 days before borrowers enter repayment, Iowa Student Loan begins contacting them through phone calls, emails and letters to inform them when their payments will be due, approximate monthly payment amounts and what to do if they will not be able to afford those payments.

## Providing Financial Literacy Resources

In 2012, Iowa Student Loan revised its financial literacy presentation subjects offered to Iowa colleges and created new engaging materials to help students succeed during college and after graduation.

The typical financial literacy topics of budgeting, financial aid, identity theft and understanding credit reports and scores are now covered in one booklet and presentation entitled **Achieving Financial Success**.

For the 2012 – 2013 academic year, Iowa Student Loan tackled a new financial literacy topic, career planning, with the goal of helping students achieve successful college outcomes. The new **Your Career Investment** materials offer insight into:

- ▶ The importance of career planning.
- ▶ Aligning expectations with reality.
- ▶ Ways students can set themselves apart from other job candidates.
- ▶ The impact of student loan debt on a starting salary.
- ▶ The importance of limiting debt while enrolled in college.



**2,840**

College students attended financial literacy presentations through Dec. 31, 2012.

# Empowering Students After College



One of the many characteristics that sets Iowa Student Loan apart as a student loan provider and servicer is the focus it places on students after they leave college. As a nonprofit organization, Iowa Student Loan prides itself on offering services and products that ultimately help better its customers' lives and the overall community.

To accomplish this, Iowa Student Loan has focused on several areas, including innovative repayment assistance options to help borrowers struggling to repay their loans; career and financial counseling resources to help borrowers realize the full potential of their education; and grants, loan forgiveness and interest reduction benefits for borrowers who dedicate their skills to help others.

## A Different Approach: Counseling Borrowers Struggling to Repay

Once a student borrower leaves school and enters his or her repayment period, Iowa Student Loan representatives strive to help the borrower be successful and responsible in repayment.

What makes Iowa Student Loan unique from other loan providers is the approach it takes to help borrowers who may be facing difficulty repaying their loans. Iowa Student Loan trains its default prevention employees to be counselors who work individually with borrowers to provide solutions. They repeatedly try to reach out to in-trouble borrowers, emphasizing they are available to help with repayment of their student loans.

The key to helping borrowers who are struggling to repay their loans is actually making contact with them. When Iowa Student Loan counselors are able to reach and talk to these delinquent borrowers, they greatly reduce borrowers' chances of defaulting. Loan counselors inform borrowers of the different assistance options available to them during repayment, and the benefits and disadvantages of the options are explained so that borrowers can choose *their* best option.

Iowa Student Loan's default prevention employees sign the collector's pledge of ACA International, the Association of Credit and Collection Professionals, before they can work with customers. This formal document requires staff to treat customers ethically, with dignity and respect.

## Repayment Assistance Options

The following programs are available to borrowers who meet qualifications:

- ▶ **Economic hardship deferment.** This limited-time deferment freezes a Federal Family Education Loan Program (FFELP) borrower's delinquency status, temporarily halts future payments and allows the borrower to make smaller payments over time to bring the account current.
- ▶ **Short-term payment relief.** Iowa Student Loan reduces private loan payments for a specified amount of time, after which the loan is re-amortized and payments are adjusted so the loan is paid off in the original loan term. Once contacted and offered this plan, approximately 47% of qualifying borrowers opt to take it, preventing millions of dollars in loans from defaulting.
- ▶ **Loan forgiveness for death or permanent disability.** Iowa Student Loan forgives balances on private student loans if the borrower becomes totally and permanently disabled or passes away, even if the loan has one or more cosigners. This is a rare benefit in the private student loan industry.
- ▶ **Negotiated payments.** Iowa Student Loan attempts to contact borrowers with defaulted loans and work with them to negotiate payment plans with smaller payments.

## Resources to Improve Borrowers' Financial Situations

Iowa Student Loan also provides access to and promotes the following career and financial resources with its borrowers, especially those who are struggling to pay their student loans and other bills.

- ▶ **Career resources** on the Iowa Student Loan website. This information is designed to help unemployed or underemployed borrowers who need to improve their income to afford student loan payments. Anyone can view the information and register with Career Advisor for free access to job boards, webinars and other career resources. Links to enroll with Manpower Group for job information and openings are also available.
- ▶ **Financial resources.** Iowa Student Loan works with borrowers who may not be able to afford their monthly payment to complete a financial work sheet and determine ways to increase income and decrease debts. Iowa Student Loan also educates and reviews with borrowers the various types of deferment, forbearance and repayment schedules available to them.

Approximately 47% of qualifying borrowers who are contacted about and offered the short-term payment relief program opt to take advantage of it, preventing millions of dollars in loans from defaulting.



# Reinvesting in the Community

Iowa Student Loan is committed to giving back to its community in various ways, such as growing local employment, creating financial literacy initiatives and providing grants, loan forgiveness and interest reduction for those who use their skills to improve the lives of others. In recent years, Iowa Student Loan has set aside millions of dollars to recognize teachers, nurses, nurse educators and service members who help their fellow Iowans as a result of the postsecondary education they obtained.

## Nurse Educator and Teacher Grants

Two grant programs, in place since late 2010, recognize new teachers and graduate-level nurse education students for their work in shortage areas. Recipients either provide full- or part-time nursing instruction or are first-year teachers in state-designated subject shortage areas.

Funds awarded by the Nurse Educator Grant program through Dec. 31, 2012, totaled \$142,000, with an additional \$58,000 available in the first half of 2013. Recipients of these grants provide full- or part-time nursing instruction at 17 different community colleges, private colleges and universities, and public universities in Iowa.

Recipients of the Teacher Career Establishment Grant teach in subject shortage areas designated by the state. Funds awarded through Dec. 31, 2012, include more than \$360,000, with an additional \$60,000 available in the first half of 2013.



“I am so thankful for the Iowa Teacher Loan Forgiveness Program! It helped me to realize my dream of being a teacher, and then later adding on a Special Education endorsement.”

— Linda W.,  
Iowa Student Loan Teacher Education Loan  
Forgiveness Program Participant

## Loan Forgiveness Programs

Nurses and teachers entering specified shortage areas also continue to receive benefits through loan forgiveness programs, which were offered by Iowa Student Loan before it established the grant programs. Loan forgiveness awards will continue to be awarded through 2016 to participants already accepted into the programs.

## Armed Forces Interest Reduction Program

In addition, Iowa Student Loan recognizes the important role of U.S. military service members serving in wartime efforts. Borrowers who have served or will serve on federal active duty between Sept. 11, 2001, and June 30, 2013, may qualify for 0.00% interest for up to 24 months on private student loans. The interest rate reduction allows service members and their families to worry about one less thing during active military duty.

## Iowa College Access Network

In fiscal year 2012, Iowa Student Loan contributed nearly \$1.28 million in cash and in-kind donations of services, including accounting, human resources and communications services to the Iowa College Access Network (ICAN). An additional \$1 million is budgeted for fiscal year 2013. See *page 7 for more information.*

\$3,103,798



Benefits awarded to nurses and nurse educators through grants and loan forgiveness through Dec. 31, 2012

284 Nurses

Have received loan forgiveness benefits for serving in shortage areas.



74 Nurse Educators

Have received grant funds to help with education costs.



\$2,474,722



Benefits awarded to shortage area teachers through grants and loan forgiveness through Dec. 31, 2012

342 Teachers

Have received loan forgiveness benefits for teaching in state-designated subject shortage areas.



445 New Teachers

In subject shortage areas have received grant funds to help establish their careers.



\$600,564



Total amount in interest forgiven on private student loans held by U.S. service members

629 Service Members

Have had interest rates reduced to 0.00% on their loans owned by Iowa Student Loan.



 = 50 nurses

 = 50 teachers

 = 50 service members

# Our Customers



## What Students Are Saying

The customers of Iowa Student Loan continue to comment on the company's customer service, products and community reinvestment initiatives. Here are just a few of the rave reviews Iowa Student Loan received in 2012.

"I recently got married and needed to switch banks. Of all the businesses I needed to make changes with, Iowa Student Loan was the BEST in customer service by far! Not only did I get a live person on the phone, my wait time when I called was less than five minutes. THANK YOU!!!!"

"This Student Loan Game Plan was extremely informative. I never really realized all of the small things that I could do NOW, that would save me a lot of money in the future. I also appreciate that the Game Plan forces you to really think about your expenses, and how every dollar we borrow now will definitely affect us in the future."

"Not only have I always received excellent customer service, but keeping our business in an Iowa company is very appealing to me."

"Everyone I've ever talked to has been super helpful and no one has ever talked down to me. I could tell the customer service [representative] just wanted to help me."

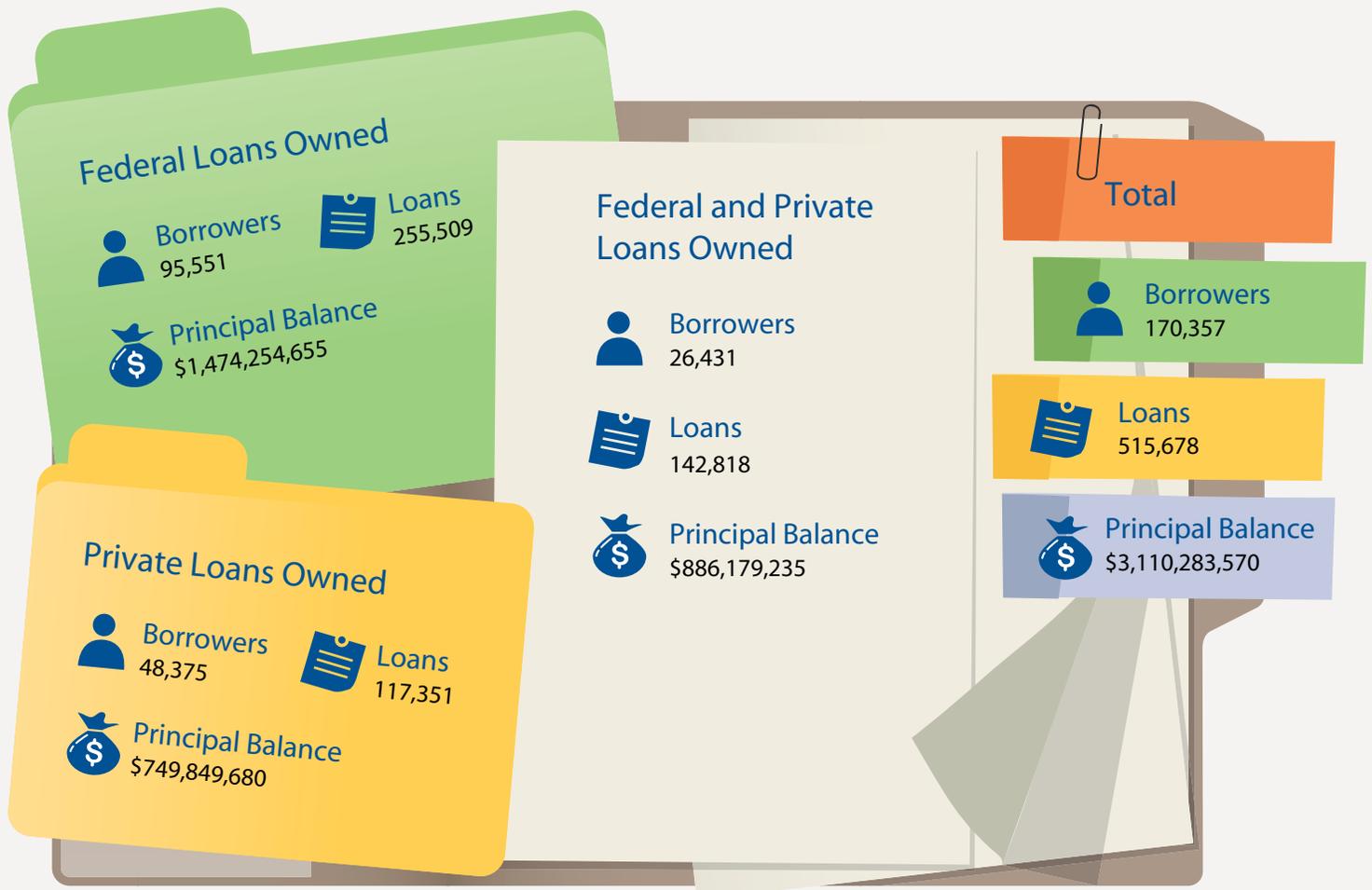
"The Iowa Student Loan Teacher Career Establishment Grant program benefited me by providing a smooth transition from a student into my teaching career. I will always be thankful for their generous gift."

"Thank you for the Iowa Student Loan Nurse Educator Grant. My husband has been laid off for five months, and the grant has been instrumental in continuing my education this semester."

# The Customers We Serve

This data, as of June 30, 2012, reflects Federal Family Education Loan Program (FFELP) loans and private loans that Iowa Student Loan and Aspire own and service.

**Note:** This data does not include loans in the William D. Ford Federal Direct Loan (Direct Loan) Program serviced by Iowa Student Loan or Aspire under contract with the U.S. Department of Education. *See below.*



This data, as of Dec. 31, 2012, reflects loans in the Direct Loan program that are serviced by Iowa Student Loan and Aspire under contract with the U.S. Department of Education.



# Customer Service for Federal Borrowers



During 2012, Iowa Student Loan and Aspire began providing customer service to borrowers of federally owned loans on behalf of the U.S. Department of Education. This new business activity was the result of two years of preparation by the companies. Since late 2010, Iowa Student Loan and Aspire had been readying their employees, systems and policies to become a member of the U.S. Department of Education's federal loan servicing team. This process has led to extensive growth in the companies' services and number of employees, and it positions Aspire for further growth.

Aspire received its first allocation of loans from the U.S. Department of Education in April 2012 and continued to receive borrower accounts throughout the year. As of Dec. 31, 2012, Aspire was servicing more than 320,000 accounts, which made up more than \$6.8 billion in loans. These totals were achieved by:

- ▶ Aspire and Iowa Student Loan each receiving an initial 100,000 accounts from the U.S. Department of Education.
- ▶ Aspire signing a contract with Colorado's nonprofit secondary market, CollegenInvest, to provide customer service to the borrowers of its 100,000 federal loan accounts.

Aspire has received federal loans belonging to borrowers who live all across the country. Of the more than 320,000 borrowers, only about 1,000 also have a loan owned or serviced by Iowa Student Loan.

In addition, Aspire continues to assist other similar state-based nonprofits with receiving their federal loan allocations from the U.S. Department of Education. In 2013, Aspire hopes to see an increase in federal borrower accounts by partnering with these nonprofits to perform loan servicing.

## Earning High Customer Service Ratings

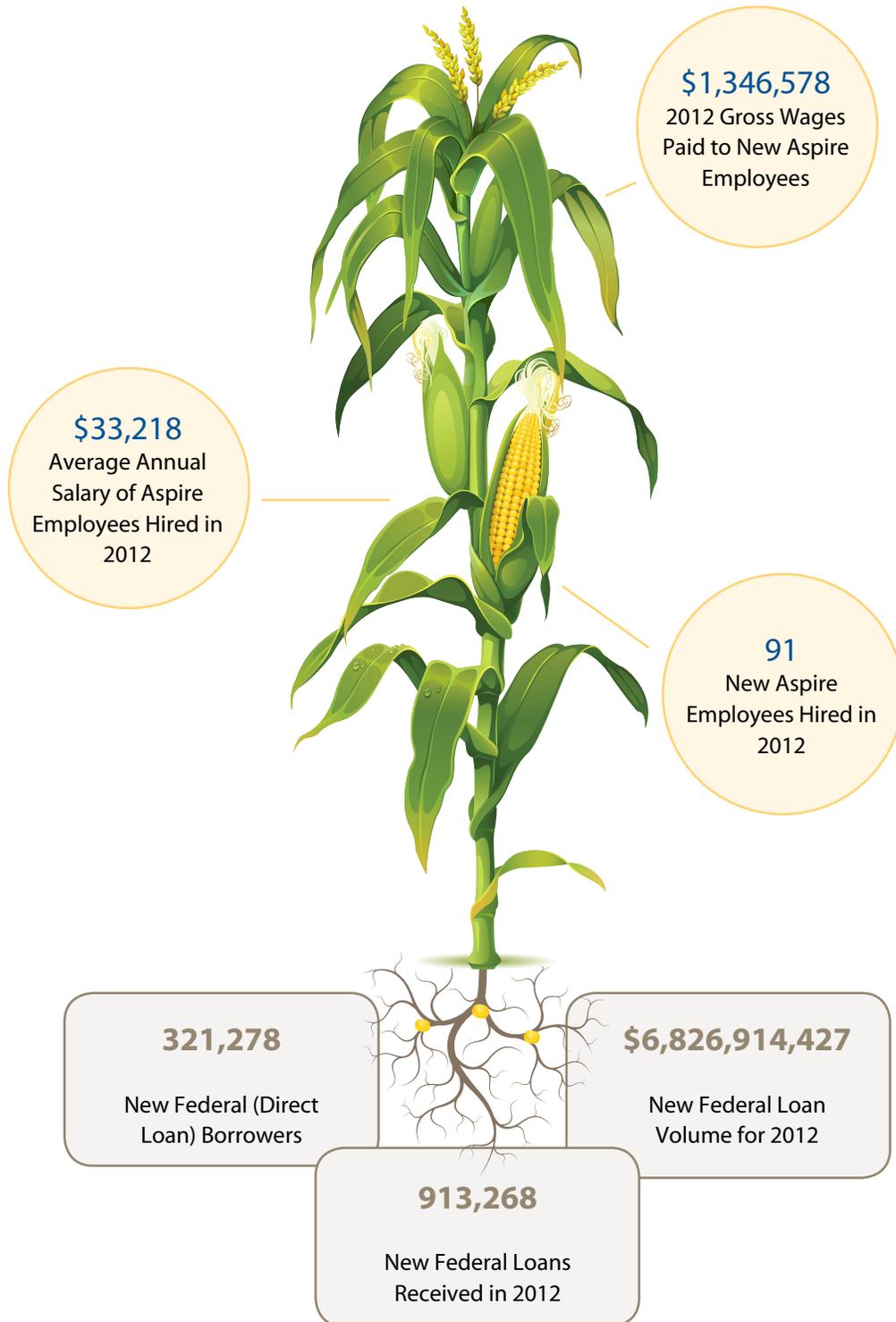
This opportunity to service federal student loans on behalf of the U.S. Department of Education allowed Iowa Student Loan and Aspire to showcase their employees' quality customer service to borrowers outside the state of Iowa. And in fall 2012, initial borrower survey results illustrated just how dedicated these employees have been to providing the best customer service possible.

Every quarter, Aspire and the other federal loan servicers are evaluated by the U.S. Department of Education. Partial evaluation results for the first quarter, which for Aspire ran July through September 2012, showed that among the not-for-profit servicers already surveyed, Aspire had the highest marks for borrower customer service.

Providing superior customer service is a core value at Iowa Student Loan and Aspire, which was reflected in these initial results. The companies' management teams and employees strive to help students and families succeed in college and after graduation. In 2013, they will continue to focus on providing a caring and informative customer service approach with the end goal of helping borrowers successfully repay their student loans and reach their life goals.

# New Jobs Aid Local Economic Growth in 2012

As Aspire has received more student loan accounts to service, the company has hired a large number of new employees. As of Dec. 31, 2012, Aspire had hired 91 new employees, who support the local economy with their quality jobs and salaries, solely to work with these new accounts. These new employees, as well as existing Iowa Student Loan and Aspire employees, saw a significant increase in their workload during the year and responded impressively.



# Our Operations And Leadership



When Iowa Student Loan was created as a state-based secondary market more than 30 years ago, one could not have accurately predicted that higher education funding would evolve to where it is today. Changes in the economy, student loan programs and regulations, especially in recent years, have impacted how Iowa Student Loan does business, but not its core operating principles.

Iowa Student Loan remains Iowa's only state-authorized secondary market charged with providing loan funds to college students and their families. To carry out this mission and its other operations, Iowa Student Loan does not receive any state appropriations. The nonprofit organization is governed by a board of directors appointed by the governor, but it is not a state agency nor are its more than 375 workers state employees.

In 2012, Iowa Student Loan and its wholly owned subsidiary, Aspire, continued to strengthen the way they do business — whether it be securing local office space for additional employee growth or complying with the new Consumer Financial Protection Bureau to address consumer feedback.

## Building Purchase to Yield Long-Term Savings

In December 2012, Iowa Student Loan purchased two West Des Moines office buildings that it had been leasing since 2001. This expenditure will provide two major benefits for the organization: 1) a projected 20-year cost savings of more than \$5 million; and 2) the space needed to house its growing employee base. In addition to the buildings, which were built

in 1994 and offer nearly 84,000 square feet of space, Iowa Student Loan also purchased nearby land for future parking. Selecting this building space was the result of an extensive search process that spanned more than 18 months and included evaluating several potential new office sites in the Des Moines metro area.

## Use of Private Activity Bond Allocation

Iowa Student Loan is able to periodically issue federally tax-exempt bonds to support student programs under federal and state statutes, notably the Private Activity Bond Allocation Act in the Iowa Code.

As was reported in January 2012, Iowa Student Loan completed a large bond issuance in November 2011 that included federally tax-exempt bonds available under the state allocation for such purposes as providing funding for supplemental private student loans. Funding for student loans was carried out as intended in 2012.

Additionally, in 2012, Iowa Student Loan utilized \$125 million of accumulated tax-exempt private activity bond authority from prior years as part of a Voluntary Closing Agreement Program offered by the Internal Revenue Service to nonprofit and state-agency student loan secondary markets across the nation. The tax-exempt bond authority available to Iowa Student Loan as of Jan. 1, 2013, is anticipated to be adequate to fund the demand for Iowa Student Loan's private student loans during the 2013 – 2014 school year.

# Meeting Federal and State Standards

Iowa Student Loan inculcates a culture of compliance with federal and state regulations. Its governor-appointed board members provide primary oversight. Federal oversight is exercised by several agencies, including but not limited to the U.S. Department of Education, which delegates certain functions to state and regional guaranty agencies; the Consumer Financial Protection Bureau; the Federal Trade Commission; and the Internal Revenue Service. In addition, the governor, state auditor, state superintendent of banking and the state attorney general, among others, provide state oversight under Iowa law and regulations. Several audits, reviews and examinations are performed periodically at Iowa Student Loan. These include those required by the above oversight agencies, as well as independent audits commissioned by the Iowa Student Loan board of directors.

## Iowa Student Loan Board of Directors

The Iowa Student Loan board of directors is appointed by the governor of Iowa for three-year terms. Directors represent the general public, financial institutions and postsecondary institutions. As of Dec. 31, 2012, the following members sat on the Iowa Student Loan board:

- ▶ **Christine Hensley** (chair), retired vice president of community and government affairs for Bank of the West in Des Moines, represents state banking institutions.
- ▶ **Catherine “Kay” E. Beyerink** (vice chair), chief executive officer of Telco Triad Community Credit Union in Sioux City, represents Iowa credit unions.
- ▶ **Tammy Bramley**, loan officer and manager of Community Bank in Soldier, represents the general public.
- ▶ **Dan Clute**, executive vice president and chief business officer at the Federal Home Loan Bank of Des Moines, represents the general public.
- ▶ **Dr. Debra Derr**, president of North Iowa Area Community College (NIACC) in Mason City, represents Iowa community colleges.
- ▶ **Laurie Hempen**, director of human resources for the Burlington Community School District in Burlington and adjunct instructor for Southeastern Community College and Iowa Wesleyan College, represents the general public.
- ▶ **Dr. Tahira K. Hira**, senior policy adviser to the Iowa State University president and professor of personal finance and consumer economics at Iowa State University in Ames, represents the regent institutions.
- ▶ **John O’Byrne**, retired president of Cresco Union Savings Bank in Cresco and current vice chairman of its board of directors, represents Iowa banking institutions.
- ▶ **Robert Wilson “Bill” Sackett**, retired general practice attorney in Okoboji, represents the general public.
- ▶ **Scott Schneidermann**, executive vice president of Frontier Bank in Rock Rapids, represents Iowa savings and loan institutions.
- ▶ **Adam Voigts**, vice president for administration and finance of Grand View University in Des Moines, represents private colleges and universities.

## Aspire Resources Inc. Board of Directors

Aspire, Iowa Student Loan’s wholly owned, for-profit subsidiary, was created to perform functions in addition to Iowa Student Loan’s tax-exempt designation. The Aspire board of directors is appointed annually by the Iowa Student Loan board of directors. As of Dec. 31, 2012, the Aspire board members were:

- ▶ **Dr. Norm Nielsen** (chair), president emeritus at Kirkwood Community College in Cedar Rapids.
- ▶ **Ken Haynie** (vice chair), retired attorney at Ahlers & Cooney, P.C. in Des Moines.
- ▶ **Dr. John Hartung**, consultant on job coaching, placement and fundraising for nonprofits and former president of the Iowa Association of Independent Colleges and Universities in Des Moines.
- ▶ **John Hintze**, shareholder at Ahlers & Cooney, P.C. in Des Moines.
- ▶ **Dolph Leytze**, president, chief executive officer and chairman of the board for Fidelity Bancorp and chairman of the board for BankIowa in Independence.
- ▶ **Walter Witthoff**, senior vice president and chief compliance officer at Iowa Student Loan in West Des Moines.



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